Subsidies can't save transit from its death spiral

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The Federal Transit Administration released June 2018 data revealing that the transit industry has now experienced four straight years of ridership losses. June 30 was the end of the fiscal year for most transit agencies, and ridership has fallen in every fiscal year since 2014.

Nationwide, the total decline since 2014 was 7 percent, but declines in many urban areas were much larger:

- 29 percent in Memphis;
- 27 percent in Charlotte;
- 26 percent in Miami;
- 25 percent in Albuquerque;
- 24 percent in Cleveland;
- 22 percent in St. Louis;
- 21 percent in Milwaukee, Sacramento, and Virginia Beach; and
- 20 percent in Los Angeles.

Although the transit industry receives more than $50 billion in taxpayer subsidies each year, transit agencies rely on fare revenues to cover a third of their operating costs. When ridership declines, they often cut back service, which reduces ridership still further, leading to a death spiral.

Ridership is falling because other methods of travel are faster, more convenient and often less expensive than transit. In most urban areas, the average person can access more jobs in a 10-minute auto drive than a 60-minute transit trip.

The latest blow to transit is ride-hailing. A recent study estimated that ride-hailing companies such as Uber and Lyft carried 710 million more riders in 2017 than 2016, while another study estimates that a third of ride-hailing users would otherwise have taken transit.

Since transit ridership dropped by 255 million trips in 2017, ride-hailing may be responsible for more than 90 percent of the decline in transit.

Many cities and transit agencies are taxing or proposing to tax ride-hailing in order to bolster transit budgets. That's like taxing Microsoft Word in order to subsidize typewriters or taxing calculators in order to protect slide rulers.

Yet, increasing subsidies to transit won't save it. While some transit systems have cut service, others that increased it still saw ridership losses.

Since 2014, Phoenix increased service by 28 percent, yet its ridership dropped 8 percent; Atlanta increased service 16 percent, yet ridership dropped 5 percent; Austin increased service 33 percent, yet ridership dropped 18 percent.

Transit's decline began long before 2014. In 1964, when Congress passed the Urban Mass Transit Act encouraging states and cities to take over private transit companies, the average urban resident rode transit 62 times a year.

By 1980, when transit was almost completely government run, it was 51 times a year. In 2000, it was down to 42 trips a year. Preliminary data suggest it will be 36 trips in 2018, the lowest recorded since the transit industry started keeping track of ridership in 1890.

Why are we subsidizing a dying industry? It's not to help poor people, nearly all of whom now have cars. Census data indicate that only about 4 percent of American workers live in households with no cars, and most of them don't take transit to work.

Having lost most of the low-income market, transit agencies have focused on getting middle-class workers out of their cars. From 2010 to 2016, the fastest growth in transit commuting was among people who earn more than $75,000 a year. Do we really need to subsidize their commutes?

Nor does subsidizing transit protect the environment. The transit industry uses more energy and emits more greenhouse gases moving someone a mile than the average car. Outside of New York, San Francisco and Portland, transit is browner than the average SUV.

Transit doesn't relieve congestion. The average bus carried just nine riders at a time in 2016 (calculated by dividing passenger miles by vehicle miles), meaning it probably contributed more to congestion than the few cars it took off the road.

Nor does transit promote economic development. Much transit spending is dictated by politicians more interested in building urban monuments than in moving people. If anything, the extra tax burden from subsidizing transit slows the growth of urban areas that have spent the most on transit improvements.

At least half of transit subsidies are absorbed by typical government waste; data show that private operators can run transit for roughly half the cost of government agencies. This means transit will survive an end to subsidies where it is really needed, especially in big cities such as New York, Chicago, Philadelphia, Washington, Boston and San Francisco.

The truth is that we subsidize transit because the industry has good lobbyists whose salaries, of course, are paid for by taxpayers. Taking transit off of life support will not only save taxpayers billions, it will improve transportation because private providers will be more responsive to users than to politicians.

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